

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INVESTIGATION INTO THE)
FEASIBILITY AND ADVISABILITY OF)
KENTUCKY-AMERICAN WATER)
COMPANY'S PROPOSED SOLUTION TO) CASE NO. 2001-117
ITS WATER SUPPLY DEFICIT)

PROGRESS REPORT
BLUEGRASS WATER SUPPLY CONSORTIUM STUDY

Comes the Bluegrass Water Supply Consortium (the "BWSC"), by counsel, and for its Progress Report on the status of its Regional Study, states as follows:

1. The BWSC is a regional alliance of governmental agencies and water utilities, both public and private, that have been working together in a cooperative effort for the past 30 months to address the regional, potable water needs of Central Kentucky.

2. The BWSC has embarked upon a comprehensive, regional study of the treated water needs of Central Kentucky (the "Study"). This Study is being funded by a \$300,000 federal grant and a \$245,000 grant from the Kentucky Infrastructure Authority ("KIA"). The BWSC has

completed the procurement process and has selected an engineering firm of national prominence to conduct the Study. The Study should be completed during the last quarter of 2002.

3. The BWSC Study will be broader in scope than the Commission's investigation in this proceeding. While the Commission is examining the water needs of the customers of one utility (Kentucky-American Water Company), the BWSC will be studying the water needs of the entire Central Kentucky community. The BWSC Study will also identify a plan for addressing the problem on a regional basis.

4. The BWSC's goal is to make available to participating utilities an auxiliary supply of potable water that would be non-interruptible. Water would be conveyed from points of availability to points of need through a gridded water system.

5. Never before has a regional approach to solving the water supply needs of Central Kentucky been attempted. The BWSC is committed to identifying, adopting and implementing a plan to address the potable water needs of Central Kentucky.

6. As the BWSC Study progresses, the BWSC will make available its findings and recommendations to the Commission and to the public.

7. The BWSC respectfully requests that the Commission give full consideration to the ongoing efforts of BWSC and the information produced by the BWSC Study.

This 1st day of March, 2002.

Respectfully submitted,
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INSTRUCTION 10 CERTIFICATION

Per Instruction 10 of the Commission's May 15, 2001, procedural Order, the undersigned counsel certifies that the electronic version of this document is a true and accurate copy of the document filed in paper medium; the electronic version of this document has been transmitted to the Commission; and the Commission and other parties have been notified by electronic mail that the electronic version of this document has been transmitted to the Commission.

DAMON R. TALLEY, P.S.C.

BY: _____
DAMON R. TALLEY

CERTIFICATE OF SERVICE

This is to certify that a true copy of the foregoing document has been served by first class U.S. Mail, postage prepaid, this 1st day of March, 2002, to the following:

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